



*United States Attorney  
Southern District of New York*

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**MARYLAND MAN PLEADS GUILTY TO THEFT INVOLVING \$450,000  
MEANT TO AID DOWNTOWN BUSINESSES AFTER 9/11**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that DAVID ZIMMER, 38, a resident of Maryland, pled guilty in Manhattan federal court today to defrauding the Empire State Development Corporation ("ESDC") and the U.S. Department of Housing and Urban Development ("HUD") in connection with \$450,000 in federal grant money made available after the September 11, 2001, terrorist attacks to provide assistance to certain businesses in lower Manhattan.

ZIMMER pled guilty to two counts of theft of government property. Specifically, the counts in the Information to which ZIMMER pled charged him with participating in the submission of two fraudulent applications for September 11 related business recovery grant money and thereby causing the ESDC to pay awards of \$270,000 and approximately \$180,000 to two separate businesses that were not entitled to receive these grants. One of these businesses was actually located in Maryland at the defendant's home address.

According to the criminal Complaint in the case, after the September 11 attacks, the World Trade Center Business Recovery Grant Program (the "BRG Program") was established by ESDC to provide assistance to certain businesses in lower Manhattan that were adversely impacted by the terrorist attacks. The BRG Program is funded through a \$375 million appropriation from HUD. To be eligible for relief under the BRG Program, the grant recipient must, among other things, have maintained a business establishment in the Eligible Area of lower Manhattan as of September 11, 2001. The Eligible Area under the BRG Program is defined as the portion of Manhattan south of 14<sup>th</sup> Street. Within the Eligible Area, different zones are eligible for different degrees of relief under a formula based in part on the business's gross revenue for the prior year. The highest level of relief is for those businesses in the Restricted Zone, the area of lower Manhattan bounded by Chambers Street, Broadway, Rector Street and the Hudson River.

According to the Information and the Complaint, on December 27, 2002, the ESDC received a BRG Program grant application from DZ Investments, Inc., d/b/a Total Business Solutions ("DZ Investments"). The application listed the business address of DZ Investments as of September 11, 2001, as 40 Rector Street, Suite 1023. This address is within the Restricted Zone. The application was signed by DAVID ZIMMER, the defendant who, among other things, certified that the "applicant business was in operation, and owned or leased the premises"

listed in the application, and that these "premises are located on or south of 14th Street in Manhattan."

According to the Complaint, there is in fact no Suite 1023 at 40 Rector Street, the entire 10th floor of 40 Rector Street is occupied by an agency of the City of New York, and supporting documentation submitted as part of the application purportedly showing DZ Investments to be a tenant of 40 Rector Street is fraudulent.

According to the Complaint, the defendant submitted with DZ Investments' grant application what purported to be the corporation's year 2000 S Corporation tax return. This tax return reported \$3,327,423 in gross receipts and listed the corporation's address as 40 Rector Street, Suite 1023. However, the DZ Investments' tax return filed with the Internal Revenue Service reflects that the corporation reported gross receipts for the year 2000 of \$0 and lists the business address of DZ Investments as 6006 Melvern Drive, Bethesda, Maryland.

According to the Information and statements made in court today, ZIMMER also prepared and caused to be submitted to ESDC a fraudulent BRG program application for his father's business, DABL Smokeshop, Inc. Although that business was in fact located within the Restricted Zone in lower Manhattan, the application falsely claimed the business had approximately \$1.8

million in gross receipts for the year 2000, a figure that was used to compute a grant award of approximately \$180,000. The application for DABL Smokeshop substantially overstated the company's gross receipts and thereby caused ESDC to pay a grant award in an amount substantially in excess of the amount to which it would otherwise have been entitled.

United States District Judge RICHARD J. HOLWELL scheduled sentencing in the matter for November 5, 2004, at which time ZIMMER faces a maximum penalty of 10 years in prison on each of the two counts.

Mr. KELLEY praised the investigative efforts and cooperation of the Empire State Development Corporation, the Office of the Inspector General for the U.S. Department of Housing and Urban Development, and the U.S. Postal Inspection Service.

Assistant United States Attorney WILLIAM C. KOMAROFF is in charge of the prosecution.